

Sourcing Strategy  
Detailed Financial Assessment

APPENDIX 1

Sourcing Strategy	Year Financial Year	0	1	2	3	4	5	6	7	8	9	10
		10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
		£	£	£	£	£	£	£	£	£	£	£
<b>Classification</b>												
<b>ERP - GO5</b>												
Project Team	Capital	£56,317	£23,975									
Project initiation and solution design	Capital	£22,167										
Build / data conversion	Capital	£18,620										
HR/Payroll consultancy	Capital	£23,675										
Cloning / personalisation	Capital	£17,813										
Project / technical management	Capital	£19,800										
Training	Capital	£8,782										
Hardware / Infrastructure	Capital	£12,743										
Data Communication	Capital	£3,280										
Licence	Capital	£45,000										
Database Licence	Capital	£4,688										
Supplier & Spend - Data Cleanse	Capital	£2,603										
Interfaces	Capital	£10,000										
Hosting	Capital	£30,830										
Sellers Fee	Capital	£5,337										
<b>Total Capital Investment</b>		<b>£281,655</b>	<b>£23,975</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Centres of Excellence Project Team	Revenue		£25,000									
Advice (Legal etc)	Revenue		£5,000									
<b>Total Revenue Investment</b>		<b>£0</b>	<b>£30,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Internal Hosting	Revenue		£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100
Internal Hosting - Maintenance	Revenue		£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296
Support Centre of Excellence	Revenue		£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250
Hardware / Infrastructure	Revenue	£601	£601	£601	£601	£601	£601	£601	£601	£601	£601	£601
Data Communication	Revenue	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075
Database support	Revenue	£902	£902	£902	£902	£902	£902	£902	£902	£902	£902	£902
Licence / IT savings	Revenue			-£48,100	-£48,100	-£48,100	-£48,100	-£48,100	-£48,100	-£48,100	-£48,100	-£48,100
One-off employment costs	Capital / Revenue			£120,000								
Systems Thinking initiative	Revenue	-£13,300										
Procurement savings	Revenue			-£37,728	-£37,728	-£37,728	-£37,728	-£37,728	-£37,728	-£37,728	-£37,728	-£37,728
Total savings from service sharing	Revenue		-£32,960	-£131,841	-£131,841	-£131,841	-£131,841	-£131,841	-£131,841	-£131,841	-£131,841	-£131,841
<b>Total Revenue Impact (saving)</b>		<b>£13,278</b>	<b>£21,264</b>	<b>-£43,445</b>	<b>-£163,445</b>	<b>-£163,445</b>	<b>-£163,445</b>	<b>-£163,445</b>	<b>-£163,445</b>	<b>-£163,445</b>	<b>-£163,445</b>	<b>-£163,445</b>
<b>Incremental impact on MTFS</b>		<b>£13,278</b>	<b>£7,986</b>	<b>-£64,709</b>	<b>-£120,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Cumulative impact</b>												
Cumulative investment	Capital	£281,655	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630
Cumulative investment	Revenue	£0	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
<b>Total cumulative investment</b>		<b>£281,655</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>	<b>£335,630</b>
Cumulative savings	Revenue	£13,278	£34,542	-£8,903	-£172,348	-£335,793	-£499,238	-£662,683	-£826,128	-£989,573	-£1,153,018	-£1,316,463

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Financial Year		10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Classification		£	£	£	£	£	£	£	£	£	£	£
<b>Net Cumulative Total</b>		<b>£294,933</b>	<b>£370,172</b>	<b>£326,727</b>	<b>£163,282</b>	<b>-£163</b>	<b>-£163,608</b>	<b>-£327,053</b>	<b>-£490,498</b>	<b>-£653,943</b>	<b>-£817,388</b>	<b>-£980,833</b>
<b>Revenues &amp; Benefits</b>												
ICT Provision	Capital		£40,000									
<b>Total Capital Investment</b>		<b>£0</b>	<b>£40,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Project staff backfill	Revenue	£37,500	£12,500									
Specialist Advice	Revenue	£10,000										
<b>Total Revenue Investment</b>		<b>£47,500</b>	<b>£12,500</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Sytems Thinking initiative - back office	Revenue	-£40,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000
Sytems Thinking initiative - front office	Revenue		-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000
One-off employment costs	Revenue		£115,000									
<b>Total Revenue Impact (saving)</b>		<b>-£40,000</b>	<b>-£75,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>	<b>-£190,000</b>
<b>Incremental impact on MTFS</b>		<b>-£40,000</b>	<b>-£35,000</b>	<b>-£115,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Cumulative impact</b>												
Cumulative Capital investment	Capital	£0	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000
Cumulative Revenue investment	Revenue	£47,500	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000
<b>Total cumulative investment</b>		<b>£47,500</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£100,000</b>
Cumulative savings		-£40,000	-£115,000	-£305,000	-£495,000	-£685,000	-£875,000	-£1,065,000	-£1,255,000	-£1,445,000	-£1,635,000	-£1,825,000
<b>Net Cumulative Total</b>		<b>£7,500</b>	<b>-£15,000</b>	<b>-£205,000</b>	<b>-£395,000</b>	<b>-£585,000</b>	<b>-£775,000</b>	<b>-£965,000</b>	<b>-£1,155,000</b>	<b>-£1,345,000</b>	<b>-£1,535,000</b>	<b>-£1,725,000</b>

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Financial Year		10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Classification		£	£	£	£	£	£	£	£	£	£	£
<u>Procurement</u>												
Procurement savings (anticipated)	Revenue	-£30,000	-£100,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000
<b>Total Revenue Impact (saving)</b>		<b>-£30,000</b>	<b>-£100,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>	<b>-£130,000</b>
<b>Incremental impact on MTFS</b>		<b>-£30,000</b>	<b>-£70,000</b>	<b>-£30,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Cumulative impact</b>												
Cumulative savings		-£30,000	-£130,000	-£260,000	-£390,000	-£520,000	-£650,000	-£780,000	-£910,000	-£1,040,000	-£1,170,000	-£1,300,000

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<b>Sourcing Strategy</b>		<b>Year</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Financial Year</b>		<b>10/11</b>	<b>11/12</b>	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	
		£	£	£	£	£	£	£	£	£	£	£	£
<b>Classification</b>													
<b>ICT</b>													
Specialist Advice	Revenue	£10,000											
<b>Total Revenue Investment</b>		<b>£10,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Sytems Thinking initiative - back office	Revenue		-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000
<b>Total Revenue Impact (saving)</b>		<b>£0</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>	<b>-£30,000</b>
<b>Incremental impact on MTFS</b>		<b>£0</b>	<b>-£30,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Cumulative impact</b>													
Cumulative Revenue investment	Revenue	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
<b>Total cumulative investment</b>		<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>	<b>£10,000</b>
Cumulative savings		£0	-£30,000	-£60,000	-£90,000	-£120,000	-£150,000	-£180,000	-£210,000	-£240,000	-£270,000	-£300,000	
<b>Net Cumulative Total</b>		<b>£10,000</b>	<b>-£20,000</b>	<b>-£50,000</b>	<b>-£80,000</b>	<b>-£110,000</b>	<b>-£140,000</b>	<b>-£170,000</b>	<b>-£200,000</b>	<b>-£230,000</b>	<b>-£260,000</b>	<b>-£290,000</b>	

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<u>Sourcing Strategy</u>	Year	0	1	2	3	4	5	6	7	8	9	10
	Financial Year	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
	Classification	£	£	£	£	£	£	£	£	£	£	£
<b><u>Consolidated Work-Streams</u></b>												
Consolidated Capital investment		£281,655	£63,975	£0	£0	£0	£0	£0	£0	£0	£0	£0
Consolidated Revenue investment		£57,500	£42,500	£0	£0	£0	£0	£0	£0	£0	£0	£0
Consolidated Total Revenue Impact (saving)		-£56,722	-£183,736	-£393,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445
<b>Net Consolidated Total</b>		<b>£282,433</b>	<b>-£77,261</b>	<b>-£393,445</b>	<b>-£513,445</b>	<b>-£513,445</b>	<b>-£513,445</b>	<b>-£513,445</b>	<b>-£513,445</b>	<b>-£513,445</b>	<b>-£513,445</b>	<b>-£513,445</b>
<b>Cumulative impact</b>												
Cumulative Capital investment	Capital	£281,655	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630
Cumulative Revenue investment	Revenue	£57,500	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
<b>Total cumulative investment</b>		<b>£339,155</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>	<b>£445,630</b>
Cumulative savings		-£56,722	-£240,458	-£633,903	-£1,147,348	-£1,660,793	-£2,174,238	-£2,687,683	-£3,201,128	-£3,714,573	-£4,228,018	-£4,741,463
<b>Net Cumulative Total</b>		<b>£282,433</b>	<b>£205,172</b>	<b>-£188,273</b>	<b>-£701,718</b>	<b>-£1,215,163</b>	<b>-£1,728,608</b>	<b>-£2,242,053</b>	<b>-£2,755,498</b>	<b>-£3,268,943</b>	<b>-£3,782,388</b>	<b>-£4,295,833</b>
<b>Payback</b>	<b>2.37 years</b>											
<b>ROI</b>	<b>963.99%</b>											
<b>NPV</b>	<b>-£3,157,996</b>											